USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 5/28/2004

GAIN Report Number: TU4019

Turkey

Tomatoes and Products

Annual Report

2004

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Report Highlights:
MY 2004 fresh tomato production is expected to decline to 8 MMT. MY 2004 tomato paste production is projected at 260,000 MT, which is about twenty percent less than last year. Turkish tomato paste exports in the first half of MY 2003 reached 95,300 MT and year-end exports are expected to reach 170,000 MT. Turkey is still not allowed to utilize its 30,000 MT tariff rate quota for tomato paste due to the on-going dispute over E.U. duty-free meat exports to Turkey.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ankara [TU1]
[TU]

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Executive Summary

MY 2004 fresh tomato production is expected to decline to 8 MMT. Prior to the planting season, farmers were not happy with the low industrial tomato prices proposed to them by the processors. Better returns on other crops such as corn and wheat led farmers to plant fewer industrial tomatoes.

According to official statistics, Turkish tomato paste exports during the first half of MY 2003 are 95,000 MT. Russia (13,025 MT), Saudi Arabia (10,435 MT) and Japan (9,519 MT) continue to be the leading markets for Turkish tomato paste exports. MY 2003 year-end exports are expected to remain about 170,000 MT. During the first half of this marketing year, the over-valued Turkish Lira prevented Turkish processors from effectively competing in international markets. China and Iran are reportedly competing with Turkish processors in Far Eastern and Central Asian markets.

Industry resources estimate the 2003 marketing year-end stocks, at a record high of about 44,000 MT. Processors are waiting for the Turkish Lira to fluctuate and lose value against the US Dollar or for world prices to increase in order to sell their stocks.

Production

Total tomato production (table/fresh and industrial) for MY 2003 is now estimated at 8.4 million tons. The production increase was due to suitable weather during the season and high prices paid for industrial tomatoes by the processors. However, production is expected to decline to 8 million in MY 2004 due to lower than expected prices for industrial tomatoes and better returns for alternative crops in industrial tomato growing regions.

Tomatoes are grown throughout Turkey, but the bulk of production is concentrated in the Marmara and Aegean regions where climatic conditions are nearly ideal. Recent trends in tomato production include increased greenhouse production in southern Turkey for fresh consumption in urban areas during the winter.

Tomatoes produced for processing comprise about 25 percent of Turkey's total production, while the remainder is destined for fresh consumption. Processing tomatoes are grown mainly in the township of Balikesir and Canakkale in the Marmara region, Bergama and Turgutlu of the Aegean region and in newly emerging areas of Tokat of Central Anatolia, where the processing industry is located.

Tomato production is labor intensive and the bulk of production occurs on small, family farms. Most planting continues to be done by hand. Seedlings are started around mid-March and are transplanted after the danger of frost has passed. Harvest of early varieties begins in late July, with the peak harvest occurring around mid-August. Growers generally begin to pick the crop when half of the field is ripe. Since all harvesting is done by hand, three or even four pickings are possible. Depending on the weather, hand picking can extend the harvest until early October. About eighty percent of the processing tomato crop is grown under commercial contract mainly with the larger tomato processors. The remaining twenty percent of the crop is grown independently for smaller processors, who generally do not contract, as well as to supply the home processing market.

Prices
(Current exchange rate is approximately: USD 1 = TL 1,500,000)

For 2004 industrial tomatoe processors are reportedly offering TL 100,000 per kilogram delivered to the factory. The price offered to farmers is the same as last year despite the ten percent annual inflation rate. Farmers are reportedly upset with the prices and are switching to other crops.

Canned tomato paste currently retails for about TL 2,200,000 per kilogram, (which is the same as last year despite the ten percent annual domestic inflation), due to abundant supplies and high local stocks.

Consumption

About 75 percent of the Turkey's total tomato production is consumed fresh and the remainder is processed. Of the 25 percent of the crop that is processed, about 85 percent is used to produce tomato paste, 10 percent is utilized for canned tomatoes, and the remainder is used for catsup, tomato juice, dried tomatoes and other products. Total (nominal) tomato paste production capacity is estimated at about 450,000 MT, assuming three shifts and a 60-day harvest. However, hot summer weather often shortens the harvest, reducing actual capacity to about 330,000 MT.

There are about 45 firms in the industry, with seven of eight large firms (average annual tomato paste production of 15,000-20,000 MT) accounting for about seventy percent of total tomato paste production. Most large firms can process 2,000-3,000 MT of tomatoes daily. The industry products yield (tomatoes to paste) is estimated at about 6 kilograms of tomatoes for 1.0 kilogram of paste.

Commercial tomato paste production for MY 2004 is projected to be 260,000 MT, or about twenty percent less than last year. High stocks, an over-valued Turkish Lira, competition from other producing nations and low world prices have forced processors to adopt a cautious approach and cut production. In addition to commercial production, about 5,000 MT of tomato paste is produced at home.

Turkey also produces processed tomatoes of which 95 percent are diced tomatoes and the rest are whole, peeled tomatoes. MY 2004 canned tomato production is expected to continue to increase and reach 32,000 MT (net weight basis) due to increased export demand. (NOTE: PSD and Trade Matrix attached for canned tomatoes are total of diced and whole peeled tomatoes and the great majority are packed in 180 kilograms drums.)

Trade

MY 2003 tomato paste exports are now estimated to be about 170,000 MT. Exports during the first half of the marketing year were 95,300 MT compared to 80,000 MT during the same period last year. MY 2004 exports are also forecast to remain at 170,000 MT.

The tomato paste industry is very dependent on exports. Russia, Saudi Arabia and Japan continue to be the leading export markets for Turkish tomato paste producers. Other traditional markets such as Algeria and Iraq are becoming important customers again while their economies and political situations stabilize. Turkey is continuing to face increasing competition of China and Iran in these and other export markets. While China is competitive in the Far eastern market, Iran competes with Turkish paste exports in the Middle East and Central Asia.

The E.U. is not permitting Turkey to utilize its 30,000 MT tariff rate quota since 1997 due to a dispute over U.E. meat exports to Turkey. Out-of-quota exports are subject to 14.4 percent duty.

Turkey also exports the majority of its annual 30,000 MT of diced tomato production. The E.U. continues to be the leading export market. The E.U. allows Turkey to utilize 8,400 MT of its tariff rate quota of diced tomatoes but exports above the quota are subject to 14.4 percent import tax.

The current Turkish tomato paste FOB export price is about USD 680 Per MT.

Stocks

There are no official statistics on stocks for tomato and tomato products. Industry sources estimate the 2003 marketing year-end stocks at a record high of about 44,000 MT.

Policy

The Agricultural Bank of Turkey is no longer able to provide subsidized loans to agricultural producers and the government does not support prices or otherwise assist tomato production. All production and domestic and international marketing is handled by the private sector. The GOT indirectly supports tomato paste exports by USD 65 per ton as a form of tax deduction. If the tomato paste is produced under a contract with farmers, an additional 40 percent (USD 26) is added to support of which 32 percent of it is given to the farmers and 8 percent to the processors.

Tariff Changes

Turkey decreased its tariffs on canned tomatoes and tomato paste imports slightly in 2004 to 135.9 percent.

Turkey Tom. Paste,28-30% TSS Basis							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09.2002		09.2003		09.2004	MM/YYYY
Deliv. To Processors	1700000	1700000	1850000	1930000	0	1560000	(MT)
Beginning Stocks	5290	5290	7790	4369	12790	44369	(MT, Net Weight)
Production	265000	280000	275000	320000	0	260000	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	270290	285290	282790	324369	12790	304369	(MT, Net Weight)
Exports	155000	178421	160000	170000	0	170000	(MT, Net Weight)
Domestic Consumption	107500	102500	110000	110000	0	112500	(MT, Net Weight)
Ending Stocks	7790	4369	12790	44369	0	21869	(MT, Net Weight)
TOTAL DISTRIBUTION	270290	285290	282790	324369	0	304369	(MT, Net Weight)

Export Trade Matrix			
Turkey Tom. Paste,28-30% TSS Basis			
Time Period	MY2003	Units:	Metric tons
Exports for:	Sept/Feb		#VALUE!
U.S.	86	U.S.	
Others		Others	
Russia	13025		
Algeria	10435		
S. Arabia	10430		
Japan	9519		
Germany	7668		
Malaysia	3520		
Kuwait	3428		
Iraq	2751		
Sudan	2226		
Oman	2225		
Total for Others	65227		0
Others not Listed	29994		
Grand Total	95307		0

PSD Table
Turkey
Tomatoes, Canned

	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09.2002		09.2003		09.2004	MM/YYYY
Deliv. To Processors	0	27000	0	33500	0	28000	(MT)
Beginning Stocks	0	1000	0	2000	0	2000	(MT, Net Weight)
Production	0	23000	0	29000	0	32000	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	0	24000	0	31000	0	34000	(MT, Net Weight)
Exports	0	20000	0	26500	0	29000	(MT, Net Weight)
Domestic Consumption	0	2000	0	2500	0	3000	(MT, Net Weight)
Ending Stocks	0	2000	0	2000	0	2000	(MT, Net Weight)
TOTAL DISTRIBUTION	0	24000	0	31000	0	34000	(MT, Net Weight)

Export Trade Matrix Turkey Tomatoes, Canned			
Time Period	**MY 2003**	**Units:**	**Metric tons**
Exports for:	**Sept/Feb**		**#VALUE!**
U.S.	71	U.S.	
Others		Others	
United Kingdom	6427		
Japan	2834		
Netherlands	2123		
Ireland	1771		
Australia	1221		
France	1092		
Italy	1004		
Germany	805		
Switzerland	649		
Costa Rica	400		
Total for Others	18326		0
Others not Listed	1023		
Grand Total	19420		0